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"COOPERATIVE FARMING"

Address by George L. Oliver at the Resettlement
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The Farm Security Administration, on its Projects, has organized 33 Cooperative Farming Associations. It is apparent that this Administration is conscientiously endeavoring to determine the contribution a Cooperative Farm should make to the rehabilitation of low-income rural families.

Probably it will help our thinking to define the Cooperative Farm in its simplest terms. In the first place, it is a large-scale farm operated by a Corporation which is a Cooperative. Large-scale farming of various types is more or less common throughout the United States. Large-scale Cooperative Farming differs only in the distribution of the profits of such an undertaking. The difference is not one of agricultural technique. The change is one in business organization. The only new idea on a Cooperative Farm is that the profits, if any, go to the members of the Association in proportion to their labor rather than to individual proprietors or stockholders.

If a Cooperative Farm isn't a large-scale farm--that is, large enough to afford skilled management--it fails to serve its purpose. A few years' experience with Cooperative Farming convinces us that it has some other simple essentials. One of these is that it must engage in a type of agricultural operation that can be done most successfully on a large scale. Cooperative Farms should attempt only those operations that can be done more efficiently by group action than is possible by an individual on his own farm. The more extensive types of agriculture are more suitable for large-scale farming by a Cooperative Association. Too much diversification and too many small enterprises do not make for success in Cooperative Farming. It is well to keep in mind the principle of delegating to a group only those functions which can be performed by the group better than by individuals. It has already been demonstrated in some of our Regions that it is practicable to have, on a Cooperative Farm, a combination of large-scale group enterprises and individual operations. One other thing seems to be indicated by our experience, namely, that a Cooperative Farm should not be carrying on a program that requires a large amount of surplus labor for short periods.

This leads, naturally, to one of the other important essentials of a Cooperative Farm, namely, that a Cooperative Farm ought to increase the annual profitable employment of a farm family if it is to justify its existence in competition with the individual family type of farm. In this better utilization of labor is one of the main reasons for Cooperative Farming. Better labor utilization is possible because the sizes and types of the enterprises can be adjusted to the supply and the abilities of the available labor. There is an opportunity on a Cooperative

Farm to work out a division of labor that will give the members the jobs for which they are best suited. There is likewise a superior opportunity to make crop and livestock programs on a Cooperative Farm that not only use more of a member's time profitably but also give his family more profitable work. Finally, there is a much greater possibility on a large-scale Cooperative Farm of striking a balance between the size of the enterprise, the labor available and the machinery. This more rational mechanization cannot be emphasized too strongly if you ever get the lower cost per unit of production that you have a right to expect on a Cooperative Farm.

Cooperative Farming, when it is large-scale farming with good planning and direction, is one of the best propositions which the Farm Security Administration has to offer the farm-laborer class. There is a much larger number of families than we are willing to believe who do not yet measure up to the responsibilities of individual farm ownership and management or even to the managerial requirements of a farm tenant, but who can be helped under this method of operation.

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A well-planned Cooperative Farm, with all of its possible combinations of crops and livestock enterprises, plus its ability to employ skilled foremen for such enterprises, plus the opportunity for closer supervision, speeds up tremendously the educational process that should precede the advancement of a family to more responsibility.

We have already mentioned the lower cost per unit of product. We have pointed out that this may be accomplished through the opportunities afforded by Cooperative Farming for (a) better mechanization, and (b) division of labor or specialization of tasks. The third factor that has a decided bearing on this reduction in production costs is the possibility of reduction in the required investment per family on a Cooperative Farm as compared with the individual family-size farm unit.

Substantial savings are possible in the planning and construction of farm buildings and such land improvements as roads, wells, and fencing and an additional saving which we so often miss, namely, reduced cost of farm machinery, including the small tools investment, the amount of which is more considerable than the average person thinks. In the best planned Cooperative Farms on Resettlement Projects, the fixed investment is only about 3/5 of that required for the same number of families on small individual economic farm units. Certainly, unless appreciable savings in the investment required can be effected, it is doubtful that the Cooperative Farming undertaking is ever justified as an experiment.

Cooperative Farming has many other interesting possibilities, some of which have already been demonstrated on our Projects. One of the interesting questions about a Cooperative Farm is what is the best way to compensate the members for the labor they perform. The usual arrangement is a contract between the Association and its members to pay the prevailing farm wage, taking into consideration perquisites of different

kinds, such as housing, farm products, and fuel, which the Association often furnishes to its members as a part of their compensation. One objection to this method is that it may cause a member to feel that he is merely a laborer. It seems, though, that whenever a Cooperative Farm member gets this conception of himself, it is usually due to the failure on the part of our supervising staff and the Association management to make full use of the training opportunities afforded by a Cooperative Farm. On other Cooperative Farms the arrangement is that, in addition to the furnishing of perquisites, the Association makes a subsistence advance to the member. One Region is making a very interesting experiment in that the Association furnishes the above-mentioned perquisites but pays neither wage nor subsistence advance. In this case, the member gets a personal loan from the Farm Security Administration for subsistence and agrees that he will repay this loan out of his share of the Cooperative Farm dividends. Frankly, our experience does not yet justify the recommendation of any one of these arrangements exclusively. Every Cooperative Producing Association has experienced difficulties, more or less serious, in reaching a basis for the payment to its members for their labors. Some men may be perfectly content with the laborer status and ask for nothing more from a Cooperative Farming organization. A great majority, however, feel differently about the matter and it is only when members of a Cooperative Farming Association are stimulated to learn and are helped to prepare themselves for responsibility and finally share in the management responsibilities of the Association that they find a satisfactory relationship between themselves and their organization.

Some Cooperative Farming Associations have not yielded relatively high returns to the members, and in every such case it is due to some basic defect such as too much investment, unsuitable operating program, wrong kind of management, or even improper supervision. However, it is true of all Cooperative Farms that do not have too many of these basic weaknesses that the return to the farmer member of a Cooperative Farming Association in cash and in standard of living is considerably higher than a farmer has been able to obtain on an individual farm on the same project or in the same section.

As we have just intimated, the management and the supervision of a Cooperative Farming Association are very interesting jobs and require far more than average ability. When such an organization is financed 100 per cent by a Government loan, the situation becomes even more complicated. It, therefore, is extremely important that the members, directors, the managers, the Farm Security Administration supervisors all immediately come to a very clear understanding of the duties and responsibilities of each in relation to the operation of the Association and to each other. The various parts of a loan docket, such as the loan agreement, the Association's by-laws, the lease which the Government gives the Association on the farm, and the approved plan or economic justification which was the basis of the loan all set forth these responsibilities and relationships. Consequently, we repeat here once more an instruction which has for several years been a part of our Cooperative Manual, namely, that the

first step in launching the operations of a Cooperative Farming Association is a thorough study of the loan docket jointly by members, directors, managers, and Farm Security supervisors.

We are convinced that the greatest service that a Cooperative Farm can ever render to the families for which we are responsible is the exceptional opportunity that it affords to stimulate self-improvement and to give practical as well as theoretical training in the best farming methods and practices that our Department's staff can discover. The educational progress being made by families on a dozen of these Cooperative Farms is astounding when you consider their situations just a few years ago. Through study and discussion and under the guidance of their own management and the Farm Security supervisors, they now prepare Farm Plans and Budgets for these large-scale farms that would be a credit to any farmers in this country. They are acquiring knowledge not only on every phase of their own operations but, more than any other clients, they visit the experiment stations and colleges and take short courses, and follow up other educational opportunities suited to their needs. Our planning and financing of Cooperative Farming Associations until recently have been faulty to the extent that we did not make adequate arrangements to assure that the organization would be financially able to render the highest educational service to its membership. It now seems to be generally recognized that our large-scale Cooperative Farms should render this educational service and that their financial arrangements must be such that a sufficient amount of their incomes will be available for this purpose. This service is not normally performed by privately-owned large-scale farms for their laborers. To this extent our large-scale Cooperative Farms differ from them and in our planning it behooves us to see that our organizations have the income with which to do a real job in training families for farm life.

Before closing our discussion of the possibilities inherent in Cooperative Farming, we should like to point out that such farms afford a chance for the development of intensive agriculture and the consequent utilization of the labor of more families without very much, if any, additional land. An inadequate land base is the traditional excuse for failure to attain better financial results in farm operation. The truth of the matter is, though, that in the absence of more land, farmers have increased their incomes and raised the standard of living for themselves and their families. In other words, there are situations in which more brains may be a partial substitute for more land.

There are certain crops today not being produced on our Projects that, primarily because the war has cut off European sources, should yield exceptionally high returns to producers. You are all familiar with the recent increases in the cost of many kinds of seed. Likewise, the growing and harvesting of the plants that furnish us drugs, insecticides, spices and condiments has become more profitable, and consequently more attractive, than at any time since the last war. It may be argued that these are passing conditions but that is probably true of any other farming situation.

Many of you are familiar with the possibilities for the production of bulbs because you have been working with Department representatives in efforts to establish the production of Easter Lily bulbs on your Projects. The plant specialists of the Department have been urging for some time that one of our Projects in Indiana should make an effort to produce pyrethrum. Already, a few clients on one of our Projects have demonstrated that flowers and berries on a very small acreage will yield a higher income than any client family is getting in any other manner on any of our agricultural Projects. More than a year ago we began to pass along to you information from the Department on the increasing possibilities for income from herb production. Importers say that they now have less than a six months' supply of sage on hand. This used to come from Yugoslavia but is no longer available. Many months ago the possibility of producing peppers from which paprika could be made was passed along to regions where successful cultivation was indicated. Drug manufacturers are concerned now with shortages of such indispensable preparations as digitalis. The production of foxglove from which it is obtained should not be such an insurmountable task. It may be practical to produce some of these crops; others possibly not. Our thought in the matter is that they are worth very careful consideration and we are wondering if you have realized that a Cooperative Farm is a very good place to develop such things. In the first place, these Cooperative Farming organizations usually have or can get enough money to hire experts to teach the client families how to grow such special crops. A second important consideration is that it is possible to start on a small scale and easily expand production as the market demands. A third reason is that there is usually a surplus family labor supply available and it is a relatively simple matter to increase the labor as needed by the admission of additional members.

Last you get the impression that we are overly enthusiastic about Cooperative Farming, we ask you to remember that we believe that it has some very definite limitations. In the first place, we believe that there will be families that will not be content to remain on a Cooperative Farm because of the limited opportunity for personal ownership of property. Some people believe that every farmer aspires to farm ownership and will never be content in any other status. It is our observation that there are many Cooperative Farming Association members who have had that experience and realize fully their limitations and are no longer troubled by a yen for a farm ownership. We ask you also to remember that we hold that Cooperative Farming is suited to certain types of agricultural operations and is not adapted to other kinds of agricultural operations. If we haven't already made it clear, we should do so at this time, that we think that Cooperative Farming is definitely limited by the limited supply of managerial ability. Our own experience indicates that it takes a special type of ability to manage a large-scale farm for a Cooperative organization. Finally, we do not believe that Cooperative Farming is indicated unless there is a substantial saving in the investment and a sizeable increase in the profitable utilization of labor.

Cooperative Farming, though, does have a place in the rehabilitation program of the Farm Security Administration and, on its record, deserves a place in our program because it is a constructive measure for taking our services to the lowest-income group, the farm laborer.

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